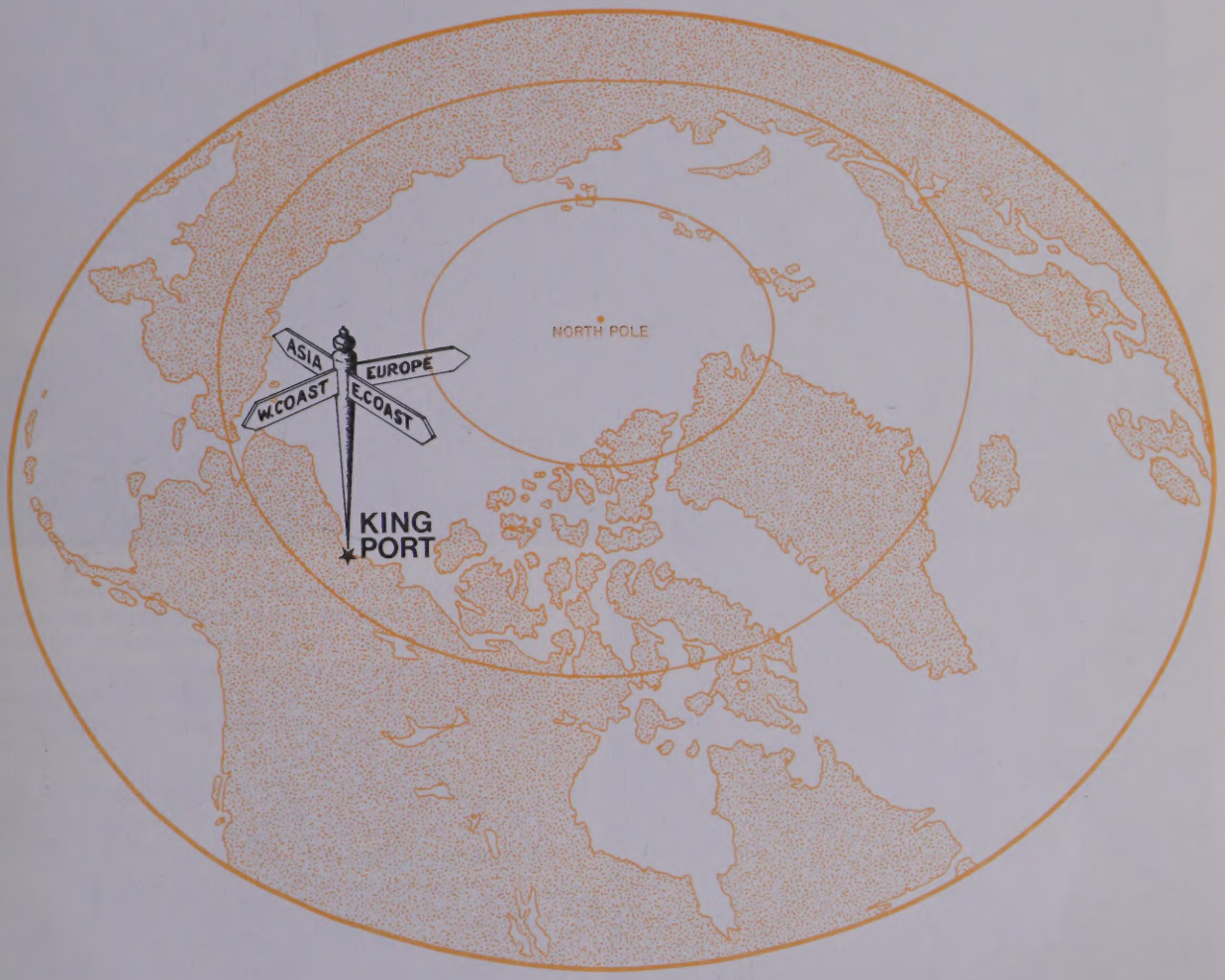
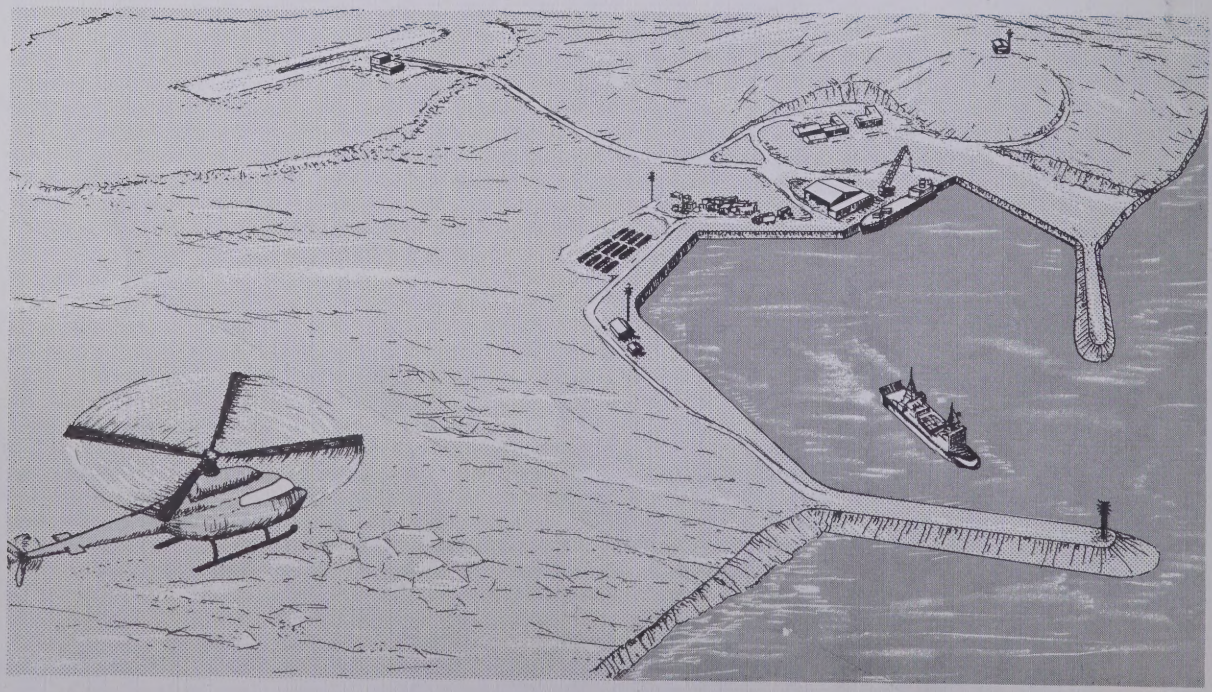
KING PORT



A FULL SERVICE BASE FOR THE WESTERN ARCTIC

KING PORT



INTRODUCTION

Monenco Limited and Interlog (U.K.) Ltd. have brought together Arctic and world-wide engineering and service expertise to plan, design, manage, construct and operate a full service marine port for the Western Arctic.

Monenco is one of Canada's largest engineering, procurement and construction companies. Interlog brings to the group world-wide expertise in the planning, management and execution of logistics and Supply Base projects.

King Port is the right concept at the right location at the right time: a multi-user, multi-owner, full service support base located at King Point half-way along the Yukon Coast. The port development responds to the unique logistical, economic and political requirements of the region.

King Port evolved to complement the ongoing resource development in the Western Arctic. Oil and gas development in Alaska, 350 km west of King Point, is here to stay. The Seal Island find in 1984 was 300 million barrels — enough to replace the original Prudhoe Bay field.

Mining in the Yukon is well established; but, to compete with world prices, it requires access to marine transport.

Annual Canadian industry expenditures in Beaufort Sea Oil are more than $650 million and are expected to remain constant for some years as a result of the five-year exploration agreements concluded with the Federal Government in 1983.

This regional level of development exists now. Beaufort Sea oil production expected before 1990 will serve to secure the long-term economic viability of the port.

KING PORT

THE PORT PROJECT

The development of the port should provide a service centre now, then grow in parallel with northern resource development and incorporate expanded uses such as military, coast guard or commercial trade. Starting as an oil exploration support base, the facility would become an international port.

An area of approximately 8 km of shoreline and 8 km inland surrounding King Point, designated as a development zone, would meet all present and future land requirements including the airport and marine harbour (as shown on the map of initial site development).

The initial dredged harbour, airstrip and dock would grow to include:

Port—dock, harbour, mooring basin, warehousing, staging area, etc.

Airport (Category IV)—all weather runway, hangar, air terminal, helicopter strip, maintenance facilities, etc.

Communications—meteorological, ice forecasting, community, navigation, search and rescue, etc.

Fuel—marine, aviation, community

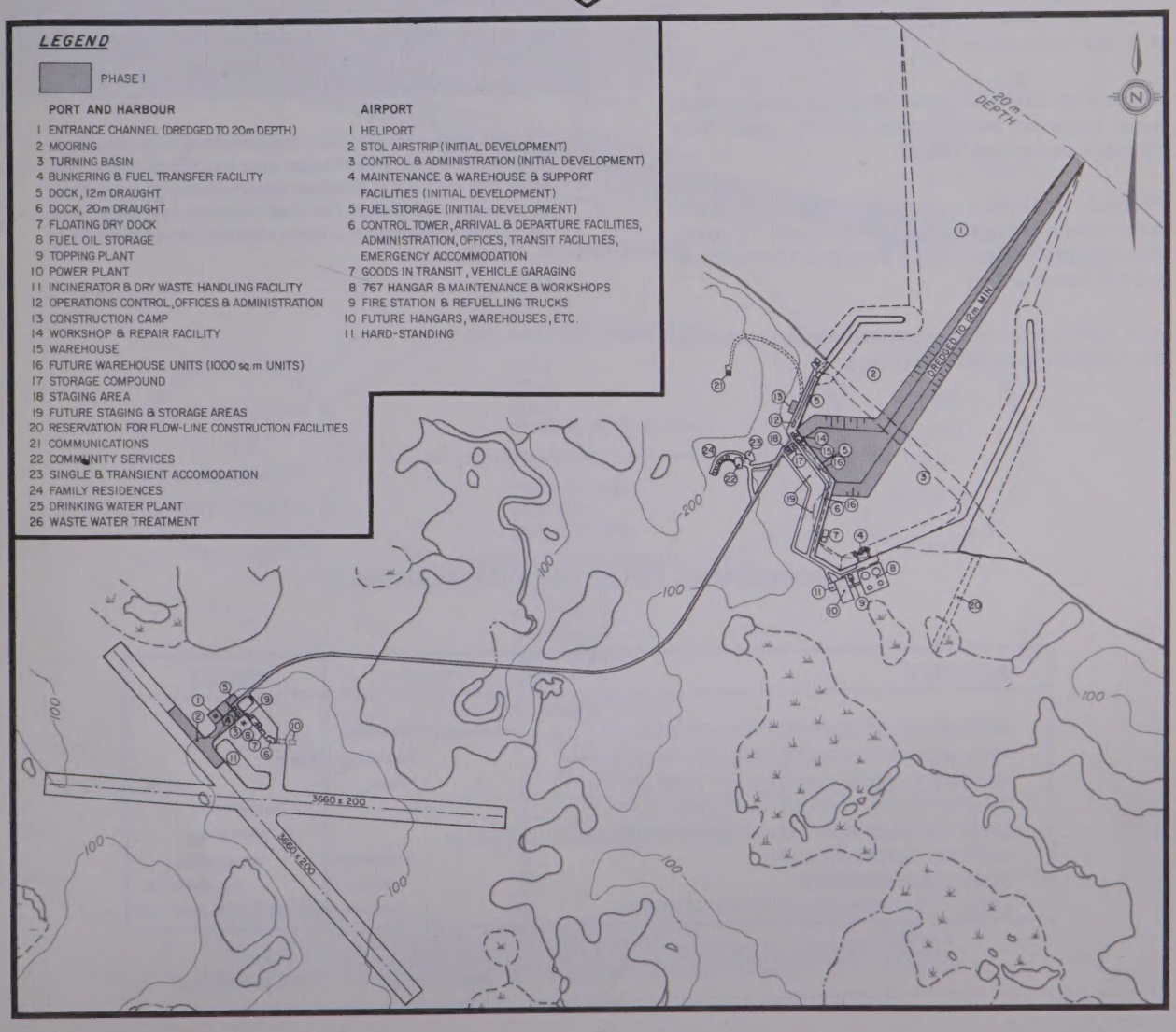
Fabrication—materials, shop, trades

Administration—offices and operations centre

Community—accommodation, amenities

Site Services—water, heat, light, etc.

INITIAL SITE DEVELOPMENT



DEVELOPMENT SCHEDULE

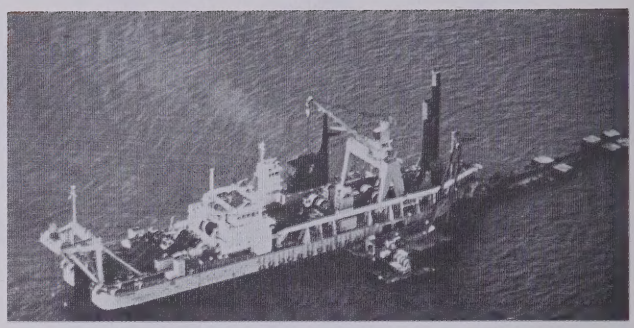
The project development would proceed as follows:

- Industry, Native and Government support of the concept has now been achieved.
- Venture Capital Financing
- Industry/User Commitments
- Government Development Approvals
- Management Negotiations
- Design and Construction
- Initial Operations

The above, now that general project support has been achieved from all use sectors, could take between two to four years.

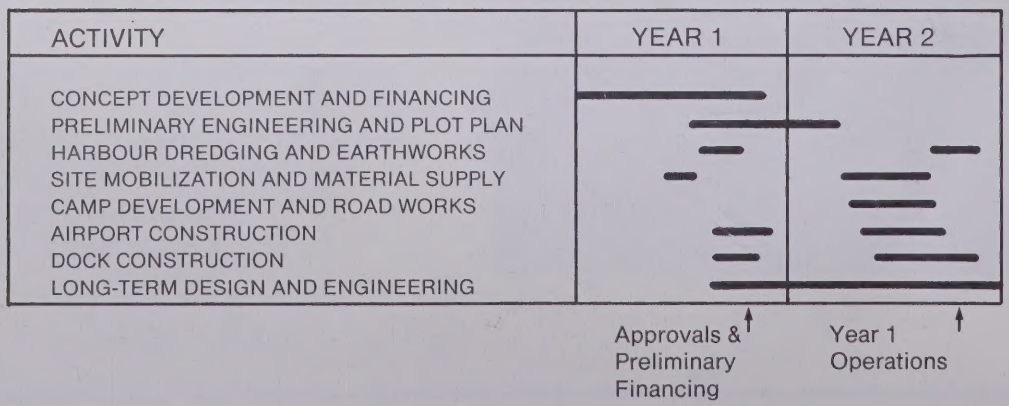
Project construction including dredging, dock construction and dirt airstrip would require 1.5 years. The first ship's arrival would be within 12 months of start of construction.

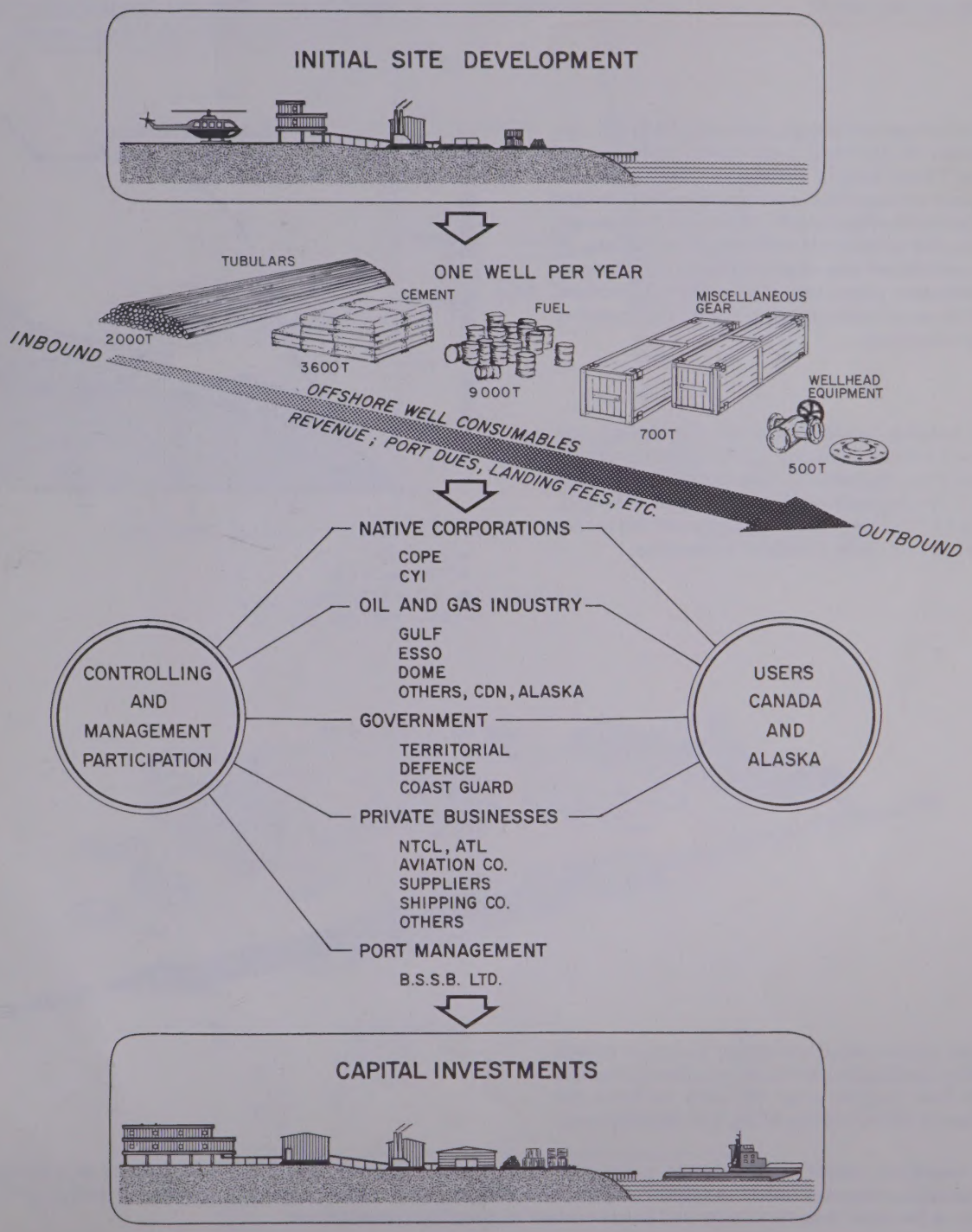
With appropriate project commitment and funding, the work could begin at any time.



Cutter suction dredges have been working in the Beaufort Sea since 1979. This dredge cuts a channel in the sea floor and pumps the dredged material through a pipeline to an adjacent location. This type of dredge would be used for harbour, channel and berm construction at King Port.

ENGINEERING CONSTRUCTION SCHEDULE



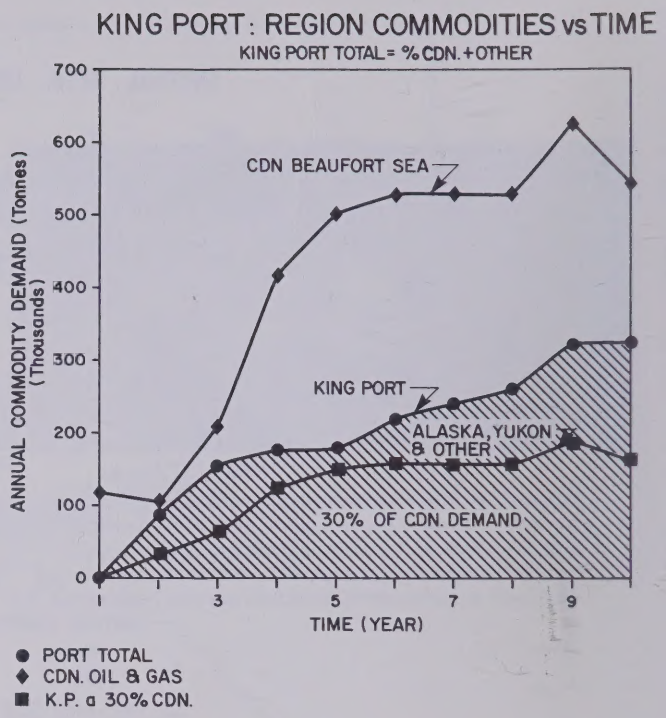

INITIAL SITE DEVELOPMENT
ONE WELL PER YEAR
TUBULARS
2000T
CEMENT
3600T
FUEL
9000T
MISCELLANEOUS GEAR
700T
WELLHEAD EQUIPMENT
500T
INBOUND
OFFSHORE WELL CONSUMABLES
REVENUE; PORT DUES, LANDING FEES, ETC.
OUTBOUND
CONTROLLING AND MANAGEMENT PARTICIPATION
NATIVE CORPORATIONS
COPE
CYI
OIL AND GAS INDUSTRY
GULF
ESSO
DOME
OTHERS, CDN, ALASKA
GOVERNMENT
TERRITORIAL
DEFENCE
COAST GUARD
PRIVATE BUSINESSES
NTCL, ATL
AVIATION CO.
SUPPLIERS
SHIPPING CO.
OTHERS
PORT MANAGEMENT
B.S.S.B. LTD.
USERS CANADA AND ALASKA
CAPITAL INVESTMENTS

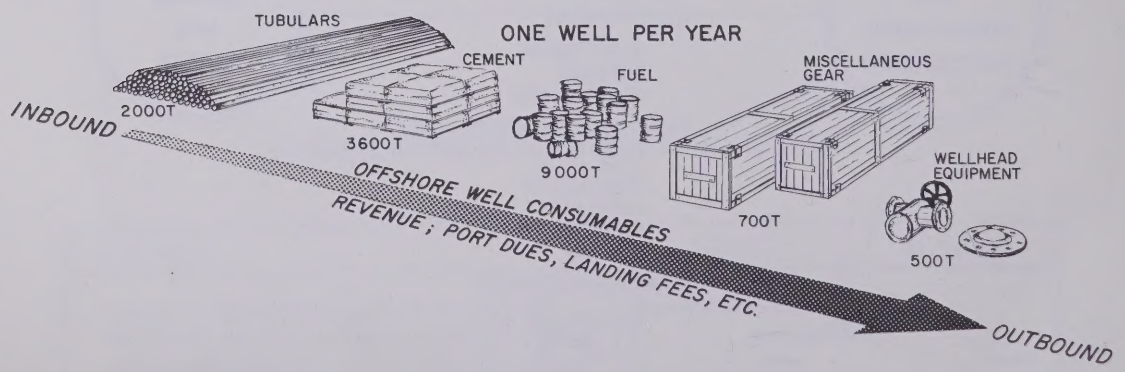
KING PORT

PORT ECONOMICS

The minimum initial capital investment would concentrate on providing a dredged access channel about 1.8 km long for a container ship, a dock, and ancillary services. This initial investment is estimated at about $50 million dollars. The Phase I investment could cost up to about $100 million depending on the specific service requirements of the first contracted users. Beyond the initial minimal expenditure, further construction would be on a build-to-suit or contracted basis.

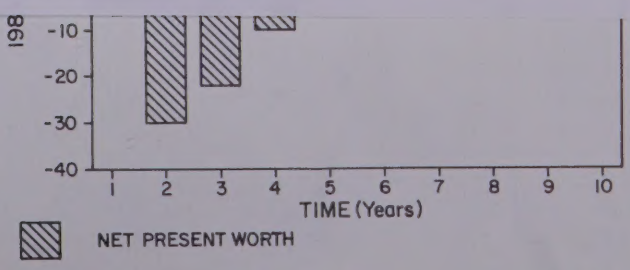
Port revenue would be derived from direct and indirect service charges — Commodity Port Dues, Vessel Fees, Stevedoring, Fuel and Water Handling, etc. — on cargo moved through the port. Similarly, Airport Commodity Dues, Landing and Passenger Fees, etc. would be collected as revenue.





Based upon annual estimates of cargo tonnes handled and passenger movements, the preliminary cash flow analysis over 10 years confirms the economic attractiveness of the port development.

The economic viability of the port is assured by conservative estimates of port tonnage handled as a reasonable percentage of regional needs. In addition, significant leeway exists in setting commodity revenues to reflect actual port costs, at the same time remaining well below current regional resupply costs.



MONENCO LIMITED

400 Monenco Place
801 - 6th Avenue S.W.
CALGARY, Alberta
T2P 3W3

PHONE: (403) 298-4170

interlog consultants limited

Briar Hedge
Orchardhill Avenue
Garrards Cross
BUCKINGHAMSHIRE, U.K.
SL9 8QE

PHONE: 44-753-884-375